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November 12, 1998

BY OVERNIGHT MAIL

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 98-170

Dear Ms. Salas:

Enclosed for filing please find an original plus four (4) copies of the Comments of Frontier Corporation in the above-docketed proceeding.

To acknowledge receipt, please affix an appropriate notation to the copy of this letter provided herewith for that purpose and return same to the undersigned in the enclosed, self-addressed envelope.

Very truly yours,

Michael J. Shortley, III

cc: International Transcription Service

Ms. Anita Cheng (2 plus diskette)

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Truth-in-Billing	)	
	)	**CC Docket No. 98-170**
and	)	
	)	
Billing Format	)	

COMMENTS OF FRONTIER CORPORATION

Introduction and Summary

Frontier Corporation ("Frontier") submits these comments in response to the Commission's notice initiating this proceeding.[1] The Commission requests comment on a variety of proposals allegedly to enhance consumers' understanding of the bills that they receive from telecommunications carriers.

From the notice, it appears that the Commission is interested in curbing actual and potential problems in three broad areas: (1) proper identification of the consumer's telecommunications carrier or carriers, *i.e.*, slamming concerns; (2) proper identification of services billed on behalf of third-parties, *i.e.*, cramming concerns; and (3) proper identification of charges related to social policy initiatives. Each of these truth-in-billing initiatives implicates distinctly separate concerns and requires a different policy response.

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[1] *Truth-in-Billing and Billing Format*, CC Dkt. 98-170, Notice of Proposed Rulemaking, FCC 98-232 (Sept. 17, 1998) ("Notice").

Argument

I. THE COMMISSION'S SLAMMING PROPOSALS RAISE CONFLICTING POLICY OBJECTIVES THAT THE COMMISSION MUST CAREFULLY WEIGH.

The Commission is correct in its observation that the service provider for a particular service should be clearly identified on a bill.[2] That simple observation, however, potentially obscures a number of difficulties.

Local exchange and interexchange carriers that bill on their own behalf face no such problems. Their bills do -- or at least, should -- identify the service provider.[3]

The Commission's legitimate concerns regarding proper identification of a customer's presubscribed carrier arise in two contexts: (1) the initial notification from the exchange carrier that a customer's presubscribed interexchange carrier has been changed; and (2) the identification of the service provider on the bill itself.

Typically, when a customer changes his or her presubscribed interexchange carrier, the local exchange carrier will send the customer a notice of the change. A potential for confusion may arise if the customer's chosen carrier is a reseller that is "riding" the carrier identification code ("CIC") of its underlying facilities-based carrier *i.e.*, the reseller's traffic utilizes the same CIC as that of the underlying, facilities-based carrier. Since the exchange carrier

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2 Notice, ¶ 23.

3 In this context, Frontier has no objection to the Commission's proposal that service providers be clearly identified on the bill.

systems typically look at the CIC to generate the notice, in some cases, it will identify the underlying carrier, rather than the reseller, as the customer's new carrier. However, in many, if not most, cases, the first bill from the new carrier will correctly identify the reseller as the carrier to whom the customer is now presubscribed.

While there is potential for confusion here, the Commission should weigh carefully the consequences of any proposed solutions to this concern. It would be relatively easy for the Commission to reduce any potential for confusion by requiring every interexchange carrier to utilize its own CIC. That solution, however, could put numerous small interexchange carriers out of business, as the cost to open a CIC in all end offices nationwide is fairly high, on the order of $500,000-$750,000.

Alternatively, the Commission could order exchange carriers to modify their systems to distinguish resellers from underlying facilities-based carriers for purposes of issuing notices of changes in primary interexchange carriers. The cost of such an initiative would likely run into the tens of millions of dollars, if not more. It hardly seems worthwhile, because whatever confusion may have resulted from the initial notification should be resolved when the first bill arrives.

The second source of potential confusion arises when a carrier is utilizing both exchange carrier billing and collection services and a clearinghouse to process its billing records. Here, the bill may identify the clearinghouse, rather than the actual carrier. The Commission's solution to this concern -- requiring

that the carrier, rather than clearinghouse, be identified on the bill,[4] may make sense. Frontier, however, does not know the costs involved in effecting such a requirement. It, therefore, cautions the Commission to weigh the record evidence carefully before proceeding.

II. THE COMMISSION MUST REFINE AND NARROW ITS ANTI-CRAMMING PROPOSALS.

The Commission also proposes a variety of regulations designed to deter the practice of cramming -- loading up a telephone bill with third-party charges.[5] Frontier has no objection to the concept that bills conspicuously identify the service provider and adequately describe the services being provided. As to implementation, however, the Commission's proposals require refinement in several respects.

First, the Commission needs to make clear that the practice of cramming relates *only* to the billing of third-party charges on a carrier's bill. A carrier does not cram its customers by billing for its own services.[6]

Second, because cramming appears to be a relatively recent issue, the Commission may wish to encourage voluntary industry action to address the

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4 Notice, ¶ 23.

5 Notice, ¶¶ 16-21.

6 The concept that a carrier may engage in cramming by billing for its own services has surfaced in various states, *e.g.,* Texas. This notion needs to be put to rest.

This is not to say that a service provider's description of its own charges should not be clear. It should be. Yet, this does not appear to be a major problem. If anything, the perception arises from the attempts of carriers to identify all of the items which it provides a consumer, and from the fact that what the customer uses is often a combination of features and functions that are independently provided because of tariff or other considerations.

concern. As the Commission observes,[7] the exchange carrier industry has adopted voluntary guidelines to address the issue of cramming. Given industry recognition of this issue, the Commission should adopt a wait-and-see attitude. Exchange carriers are loathe to be seen as participants -- even involuntary participants -- in activities that prejudice consumer interests.

Third, to the extent that the Commission wishes to take action it should modify its proposals as follows:

A. The Commission should not mandate a particular bill format. Among the Commission's proposals are to segregate bills by service provider, type of service, regulated versus deregulated charges, charges that, if unpaid, can result in disconnection of telephone service versus those that cannot.[8] Adoption of all of these proposals could result in a telephone bill the size of the Manhattan White Pages. Such a result would benefit no one. As this proceeding demonstrates, consumers are already somewhat confused by the scope and complexity of their telecommunications bills. Mandating additional complexity will only create additional consumer confusion, a result that would be contrary to the Commission's goals in initiating this proceeding.[9] Also, the costs of revising bills to accommodate the changes would be substantial.

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7 Notice, ¶ 3 n.6.

8 Notice, ¶¶ 18, 24.

9 The Commission should also understand that in the relatively new competitive environment, a certain amount of consumer confusion is inevitable. However, as consumers become more familiar and comfortable with the new environment, a great deal of this inevitable confusion will dissipate.

B. The Commission should not adopt its proposal to require separate notification of changes in a consumer's services.[10] The bill itself already serves as that notification.[11] A separate notification serves only to increase the complexity of a consumer's bill and increase the cost of the service.

III. THE COMMISSION SHOULD NOT ADOPT ITS PROPOSALS REGARDING THE ASSESSMENT OF FEDERAL SOCIAL POLICY CHARGES.

The Commission expresses concern that certain carriers are unfairly intimating that the Commission has mandated that certain social policy charges -- *e.g.*, universal service, preferred interexchange carrier and payphone compensation -- charges be assessed upon end users.[12] While it is true that, as a formal matter, the Commission did not mandate that interexchange carriers flow these charges through to end users, that is the practical effect of the Commission's decisions.[13]

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10 Notice, ¶ 10.

11 Again, Frontier has no objection to the concept that the bill clearly identify the service provider. Assuming that it does, a separate notification or additional detail as to changes in services is unnecessary. This would be providing the consumer the same information twice. It is not clear to Frontier how adoption of this proposal would benefit anyone.

12 Notice, ¶ 25.

13 Before considering promulgating rules governing how carriers should disclose such charges -- should the Commission elect to continue down this path -- the Commission should consider first resolving several outstanding issues regarding how those charges are to be assessed in the first instance. *See* Public Notice, DA 98-2261, *"Permit-but-Disclose" Ex Parte Procedures Established for Formal Complaint Filed by the Virginia State Corporation Commission against MCI Telecommunications Corporation (File No. E-99-01). and Continued both for April 3, 1998 MCI Petition for Declaratory Ruling Regarding Lawfulness of Its Universal Service Charge Methodology under Commission Orders and the Act (Docket No. 96-45) and July 17, 1998 Referral of Certain Issues to the Federal-State Joint Board Regarding Universal Service Support Mechanisms Pursuant to Section 254 of the Act (Docket No. 96-45) (Nov. 6, 1998).* Deciding what the substantive rules are regarding the assessment and collection of universal service obligations

Primary interexchange carrier charges ("PICCs") represent a fundamental shift in the structure of access cost recovery. Moving from a usage-based to a partially flat-rated -- from the perspective of interexchange carriers -- method of access cost recovery required interexchange carriers also to pass on to their customers these new flat-rated charges.[14] Such a system was not only competitively and economically necessary, it follows the principles of cost-causation that the Commission has consistently endorsed.

Although universal service and payphone compensation charges are mandated in the Telecommunications Act of 1996, the economic effect of these charges is the same as PICCs. Interexchange carriers had no choice but to pass these costs through to their end-user customers. Thus, the fact that these charges also appear on customers' bills should come as no surprise.

As a result, other than proscribing affirmatively misleading statements, such as statements to the effect that the Commission mandated that these charges be assessed upon end users, the Commission should decline to prescribe "safe harbor language."[15] Carriers that accurately describe these social policy initiatives as federally-mandated charges that they elected to pass through to their customers are being truthful. Such action by carriers is also consistent with the directive in the 1996 Act that universal service charges be

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seems a logical step to complete before deciding how carriers may disclose how they are recovering such charges from their customers.

[14] The such action was competitively and economically necessary is demonstrated by the fact that every major interexchange carrier of which Frontier is aware elected to pass these charges through to their customers.

[15] Notice, ¶ 27.

explicit, as that provides what may be the best way for citizens to determine whether the benefits and costs are appropriately matched. The Commission should not -- and, consistent with First Amendment principles,[16] may not -- decree that carriers may not truthfully inform their customers of the nature and source of these charges..

IV. THE COMMISSION SHOULD WORK WITH THE STATES TO ACHIEVE UNIFORMITY IN BILL FORMAT AND TRUTH-IN-BILLING REGULATIONS.

Whatever the Commission decides, it should recognize that the telecommunications industry cannot afford parochial, different and conflicting rules. Having different states -- not to mention this Commission -- dictate different truth-in-billing and bill format rules, some of which may never be reconcilable would be intolerable. Consumers would suffer from the increased confusion (and costs) resulting from a patchwork of inconsistent regulation. Carriers would suffer from the increased costs and complexity of preparing and disseminating telecommunications bills. What the industry and consumers alike require is a set of reasonable, but reasonably non-interventionist, rules that address legitimate consumer deception concerns.

The public interest is not served by having carriers send separate interstate and intrastate bills, nor is it served by gerrymandering the existing bill structure into interstate and intrastate lines and pages. A bill is a critical means

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[16] *See* Notice, ¶ 26.

by which carriers communicate with their customers and they should retain fundamental discretion to determine what framework serves that objective best.

It is, therefore, incumbent upon the Commission to work with the States to achieve uniformity in bill format and truth-in-billing regulations that avoid inconsistency and that are reasonably non-interventionist.

Conclusion

For the foregoing reasons, the Commission should act upon the proposals contained in the Notice in the manner suggested herein.

Respectfully submitted,

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November 12, 1998